

Q5. What is a loan deferment or forbearance and how do I obtain one?

In some cases a student loan deferment will stop interest from accruing (which the NAVY will not repay under LRP).

A forbearance will stop payments from coming due on a student loan, however interest will continue to accrue. As of 1 Jul 95, in accordance with the Federal Register (34 CFR 682.211 (h) (ii) (B), Mandatory Forbearances), loan holders are required to forbear any and all student loans that are on student loan repayment programs administered by the Department of Defense (U.S. Code Title 10, Section 2171).

It is, however, the borrower's responsibility to promptly contact the loan holder and apprise the agency of one's active duty status and officially initiate the request for forbearance. A deferment or forbearance will prevent a loan from going into a state of delinquency or default. If a loan holder is requiring the borrower to begin making repayments, then it is the borrower's responsibility to officially request either a deferment or forbearance.

Conditions under which a deferment or forbearance are obtained are handled exclusively between the borrower and the loan holder. It is always the borrower's responsibility to effect the official request and then to ensure that the deferment or forbearance has been obtained. Paperwork for deferment or forbearance must be obtained from the lender and the Recruit must ensure the paperwork is taken care of and is kept up-to-date.

The U.S. NAVY does not assume an individual's loan. The individual remains responsible for payment and the status of the loan. Public Law 99-145, Section 671(a)(1), precludes the authorization of payments toward interest. Likewise, reimbursement of payments already made is prohibited.